GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:266
ANSWERED ON:16.03.2016
National Policy on Electronics
Kalvakuntla Smt. Kavitha

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the salient features of the National Policy on Electronics;

(b) whether the Government proposes to revisit the present policy;

(c) if so, the measures being taken to promote production of electronic goods; and

(d) whether any proposal from the State Government of Telangana has been received in this regard and if so, the details and the status thereof?

Answer

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA
STARRED QUESTION NO. *266 FOR 16.03.2016 REGARDING
NATIONAL POLICY ON ELECTRONICS
****

(a) and (b): The salient features of the National Policy on Electronics are enclosed at Annexure-1. The policy can be revisited at an appropriate time.

(c): The measures taken by the Government to promote production of electronic goods in the country are enclosed at Annexure-2.

(d): Under the Electronics Manufacturing Cluster (EMC) Scheme, two applications for setting up of Greenfield EMCs at eCity, Hyderabad and Maheshwaram have been received from the Government of Telangana, which were accorded in-principle approval on 08.08.2013. The final applications for the aforesaid Greenfield EMCs are under appraisal. During the appraisal of these applications, some key information pertaining to the projects was sought from the Government of Telangana which is still awaited. Photonics Valley Corporation, Government of Telangana has recently, on 09.03.2016, submitted a proposal for setting up a photonics project.

****

Annexure-1
Salient features of National Policy of Electronics, 2012 (NPE 2012)

The key objectives of the Policy are:
(i) To create an eco-system for a globally competitive Electronic System Design and Manufacturing (ESDM) sector in the country to achieve a turnover of about USD 400 Billion by 2020 involving investment of about USD 100 Billion and employment to around 28 million people at various levels.
(ii) To build on the emerging chip design and embedded software industry to achieve global leadership in Very Large Scale Integration (VLSI), chip design and other frontier technical areas and to achieve a turnover of USD 55 Billion by 2020.
(iii) To build a strong supply chain of raw materials, parts and electronic components to raise the indigenous availability of these inputs from the present 20-25 per cent to over 60 per cent by 2020.
(iv) To increase the export in ESDM sector from USD 5.5 Billion to USD 80 Billion by 2020.
(v) To significantly enhance availability of skilled manpower in the ESDM sector. Special focus for augmenting postgraduate education and to produce about 2500 PhDs annually by 2020.
(vi) To create an institutional mechanism for developing and mandating standards and certification for electronic products and services to strengthen quality assessment infrastructure nationwide.
(vii) To develop an appropriate security ecosystem in ESDM for its strategic use.
(viii) To create long-term partnerships between ESDM and strategic and core infrastructure sectors - Defence, Atomic Energy, Space, Railways, Power, Telecommunications, etc.

(ix) To become a global leader in creating Intellectual Property (IP) in the ESDM sector by increasing fund flow for R&D, seed capital and venture capital for start-ups in the ESDM and nano-electronics sectors.
(x) To develop core competencies in strategic and core infrastructure sectors like telecommunications, automotive, avionics, industrial, medical, solar, Information and Broadcasting, Railways, etc through use of ESDM in these sectors.
(xi) To use technology to develop electronic products catering to domestic needs, including rural needs and conditions, as well as international needs at affordable price points.
(xii) To become a global leader in the Electronic Manufacturing Services (EMS) segment by promoting progressive higher value addition in manufacturing and product development.
(xiii) To expedite adoption of best practices in e-waste management.
(xiv) To source, stockpile and promote indigenous exploration and mining of rare earth metals required for manufacture of electronic components.
To achieve these objectives, the policy proposes the following strategies:
(i) Creating eco-system for globally competitive ESDM sector: The strategies include provision of fiscal incentives for investment, setting up of electronic manufacturing clusters, preferential market access to domestically manufactured electronic products, setting up of semiconductor wafer fabrication facilities, industry friendly and stable tax regime. Based on Cabinet approval, a high level Empowered committee has been constituted to identify and shortlist technology and investors for setting up two semiconductor wafer manufacturing fabrication facilities. Based on another Cabinet approval a policy for providing preference to domestically manufactured electronic goods has been announced. The Cabinet has also approved Modified Special Incentive Package for the ESDM Sector and scheme for setting up of Electronics Manufacturing Clusters (EMCs).
(ii) Promotion of Exports: The strategies include aggressive marketing of India as an investment destination and providing incentives for export.
(iii) Human Resource Development: The strategies include involvement of private sector, universities and institutions of learning for scaling up of requisite capacities at all levels for the projected manpower demand. A specialized Institute for semiconductor chip design is also proposed.
(iv) Developing and mandating standards to curb inflow of sub-standard and unsafe electronic products by mandating technical and safety standards which conform to international standards
(v) Cyber security: To create a complete secure cyber eco-system in the country, through suitable design and development of indigenous appropriate products through frontier technology/product oriented research, testing and validation of security of products.
(vi) Strategic electronics: The strategies include creating long-term partnerships between domestic ESDM industry and strategic sectors for sourcing products domestically and providing Defense Offset obligations for electronic procurements through ESDM products.
(vii) Creating ecosystem for vibrant innovation and R&D in the ESDM sector including nano-electronics. The strategy includes creation of an Electronic Development Fund.
(viii) Electronics in other sectors: The strategy includes supporting and developing expertise in the electronics in the following sectors of economy: automotive, avionics, Light Emitting Diodes (LEDs), Industrial, medical, solar photovoltaics, Information and Broadcasting, Telecommunications, Railways, Intelligent Transport Systems, and Games and Toys.
(ix) Handling e-waste: The strategy includes various initiatives to facilitate environment friendly e- e-waste handling policies.
(x) Governance Structure: This envisages setting up a National Electronics Mission; Renaming of Department of Information Technology as Department of Electronics and Information Technology (DeitY) and providing encouragement to States to promote the development of ESDM Sector.
****

Annexure-2
Measures taken by the Government to promote production of electronic goods in the country

1. Promotion of electronics hardware manufacturing is one of the pillars of Digital India campaign of the Government.
2. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the electronics hardware manufacturing. The scheme provides subsidy for investments in capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The scheme is open to receive applications till 26th July, 2020. Under the scheme, from May 2014 to February 2016, Government has received 125 proposals involving proposed investment of Rs.1,05,780 crore, which are expected to generate employment for about 1,70,000 persons.
3. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. For Greenfield EMC, the financial assistance of 50% of the project cost subject to a ceiling of Rs.50 crore for 100 acres of land and for Brownfield EMC 75% of the cost of infrastructure, subject to a ceiling of Rs.50 crore is provided as Grant. Under the scheme, from May 2014 to February 2016, Government has accorded final approval to 7 applications for setting up Greenfield Electronic Manufacturing Clusters and 1 application for setting up Common Facility Centre in Brownfield Cluster. Also, In-principle approval has been accorded to 14 Greenfield EMCs and 2 Common Facility Centres in Brownfield Clusters.
4. Policy for providing preference to Domestically Manufactured Electronic Products in Government procurement is under implementation. So far, 9 electronic products and 23 telecom products have been notified under the policy.
5. Electronic Development Fund (EDF) policy has been approved to support Daughter Funds including Early Stage Angel Funds and Venture Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The supported Daughter Funds will promote innovation, R&D, product development and within the country. The policy would be available for approval of new Daughter funds upto 31.3.2017. EDF has been launched on 15.02.2016. CANBANK Venture Capital Fund Ltd. (CVCFL) is selected as the agency to house the EDF. Four Daughter Funds have been issued in-principle letter of commitments for contribution from EDF.
6. A meeting of State IT Ministers and State Government Officials was held on 26.08.2014 to encourage them to actively promote electronics manufacturing. Several States have shown keen interest.
7. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
8. Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required

by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
9. Tariff Structure has been rationalized to promote indigenous manufacturing of electronic goods.
10. Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 30 electronic products are under the ambit of this Order.
11. Two Schemes for skill development of 90,000 and 3,28,000 persons, respectively in the electronics sector has been approved to provide human resource for the industry.
12. The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme.
13. Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Indian Conditional Access System (iCASTM) has been developed to promote indigenous manufacturing of Set Top Boxes (STBs). The iCASTM is available to domestic STB manufacturers at a price of USD 0.5 per license for a period of three years as against market price of USD 4-5 per license for other competing products. The implementation of iCASTM in the cable networks has already started.
14. An Electropreneur park has been approved for providing incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.
15. National Centre of Excellence in Flexible Electronics (NCFlexE) is being set up in IIT Kanpur with the objectives to promote R&D; Manufacturing; Ecosystems; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.
16. National Centre of Excellence for Technology on Internal Security (NCETIS) is being set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.
17. Centre for Excellence on Internet of Things (IoT) is being set up in Bengaluru jointly with NASSCOM.
18. An Incubation center with focus on medical electronics is being set up at Indian Institute of Technology - Patna.
19. The Department of Electronics and Information Technology (DeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Electronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.

****